

NOTICES OF FINAL RULEMAKING

The Administrative Procedure Act requires the publication of the final rules of the state's agencies. Final rules are those which have appeared in the *Register* first as proposed rules and have been through the formal rulemaking process including approval by the Governor's Regulatory Review Council or the Attorney General. The Secretary of State shall publish the notice along with the Preamble and the full text in the next available issue of the *Register* after the final rules have been submitted for filing and publication.

NOTICE OF FINAL RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES

PREAMBLE

1. Sections Affected

R14-2-1103
R14-2-1104
R14-2-1105
R14-2-1106
R14-2-1111
R14-2-1112
R14-2-1114
R14-2-1115

Rulemaking Action

Amend
Amend
Amend
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Amend
Amend

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 40-107, 40-202, 40-203, 40-204, 40-281, 40-282, 40-321, 40-336, 40-361, 40-365, and 40-421 and pursuant to Arizona Constitution, Article 15, §§ 1, 2, 3, 4, 6, 7, and 9.

Implementing statute: Not applicable

3. The effective date of the rules:

December 15, 2002

4. A list of all previous notices appearing in the Register addressing the final rule:

Notice of Proposed Rulemaking: 1 A.A.R. 9, January 20, 1995

5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Janet Wagner
Attorney, Legal Division

Address: 1200 W. Washington
Phoenix, AZ 85007

Telephone: (602) 542-3402

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6. An explanation of the rule, including the agency's reasons for initiating the rule:

The Corporation Commission adopted R14-2-1101 through R14-2-1115 on June 23, 1995. The purpose of the Competitive Telecommunications Services rules was to provide the Commission with a framework to open telecommunications markets, including local exchange service markets, to competitors and to streamline the regulatory process for changing rates for competitive telecommunication services.

At the time it adopted the rules, the Commission determined that they were exempt from attorney general certification under the Arizona Administrative Procedure Act because the rules emanated from the Commission's constitutional ratemaking powers. This determination was based on the Commission's interpretation of State ex rel. Corbin v. Arizona Corp. Comm'n, 174 Ariz. 216, 848 P.2d 301 (App. 1992). Corbin held that A.R.S. § 41-1044 did not give the attorney general the power to review Commission rules and regulations that are reasonably related to the Commission's ratemaking function. Relying on the Corbin decision, the Commission bypassed attorney general review and filed the competitive rules directly with the Secretary of State on June 27, 1995.

U S West Communications, Inc. later sued the Commission alleging, among other things, that enactment of the competitive rules violated the Arizona Administrative Procedure Act. On May 19, 1999, the Arizona Court of Appeals held that certain of the competitive telecommunications rules were invalid until they were reviewed by the attorney general. *U S West Communications, Inc. v. Arizona Corp. Comm'n*, 197 Ariz. 16, 3 P.3d 936 (App. 1999). Specifically, the court concluded that the following rules were subject to attorney general review because they were not reasonably related to ratemaking: R14-2-1103 through R14-2-1106, except R14-2-1104(C) and R14-2-1104(D); R14-2-1111; R14-2-1112; R14-2-1114; and R14-2-1115(A) through (C), (G) through (I).

The purpose of this filing is to comply with the court's mandate and with A.R.S. § 41-1044. Only those competitive telecommunications rules identified by the appellate court are included in this notice.

7. A reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:

Not applicable

8. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. The summary of the economic, small business, and consumer impact:

The Competitive Telecommunications Services rules, of which the noticed rules are a part, institute a mechanism that allows providers of competitive services to change rates for these services by applying for streamlined rate treatment. Service providers are able to set the price for competitive services at any level between the maximum tariff rate and the company's long run incremental cost of providing the service. Filing requirements are reduced and the Commission can, at its discretion, act upon requests for rate increases without a hearing. The rules institute a requirement that the local exchange companies provide intraLATA equal access service. The rules require that the local exchange companies provide interconnections between their networks and the networks operated by other telecommunications utilities, that the Commission establish a Universal Service Fund, and that service quality requirements be instituted for competitive services. The rules allow telecommunications utilities to petition the Commission to request that service be classified as competitive and subject to the streamlined rate change procedures. The rules specify the minimum information required in a petition requesting that a service be classified as competitive.

10. A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):

Note that the proposed rules were published January 20, 1995.

R14-2-1105(A)(2) Certificates of Convenience and Necessity For Telecommunications Companies Offering Competitive Services; Initial Tariffs.

R14-2-1105(A)(2) was amended to read: "Information describing the financial resources of the telecommunications company, including (a) a current intrastate balance sheet; (b) a current income statement (if applicable); (c) a pro forma income statement; and (d) comparable financial information evidencing sufficient financial resources."

R14-2-1111(C) Requirement for IntraLATA Access.

The following language was added to the end of R14-2-1111(C): "The local exchange carrier filing the waiver petition shall bear the burden of proof."

R14-2-1114(B) Service Quality Requirements for the Provision of Competitive Services-Utility Responsibility.

R14-2-1114(B) was amended to replace the word "utility" with the word "telecommunications company".

R14-2-1114(J) Service Quality Requirements for the Provision of Competitive Services-Permissible Termination of Service.

R14-2-1114(J) was amended to add the following language after the last sentence: "All local exchange carriers are prohibited from discontinuing local service for alleged delinquency of non-local bills."

11. A summary of the principal comments and the agency response to them:

R14-2-1104: Expanded Certificates of Convenience and Necessity for Telecommunications Companies with Existing Certificates, Initial Tariffs.

Issue: R14-2-1104 ("Rule 1104") provides guidelines for telecommunications companies to expand existing certificates of convenience and necessity ("CC&N").

The City of Phoenix ("City") generally supported Rule 1104; however, the City was concerned with the potential proliferation of unauthorized cable and other facilities in and through the public rights-of-way. As a result, the City proposed the following additional language be included as part of Rule 1104(A)(5):

"The applicant shall submit to the Commission evidence required by the Commission showing that the applicant has applied for and received from the proper county, city, municipality or other appropriate authority the

Arizona Administrative Register
Notices of Final Rulemaking

required consent, authority, permit or franchise to use the public streets for the competitive, intraLATA telecommunication service requested in its application for a Certificate of Convenience and Necessity.”

In response, Staff indicated that A.R.S. § 40-282(B) requires every applicant for a CC&N to submit evidence to the Commission that the applicant has received the required consent, franchise, or permit of the appropriate authority. As a result, Staff did not believe the City’s proposed modification was necessary.

Evaluation: A.R.S. § 40-282 requires applicants to submit the information requested by the City. Accordingly, the proposed amendment is not necessary.

Resolution: No amendment to Rule 1104 is necessary.

Issue: Rule 1104(C) provides that the Commission shall review and determine if the initial tariffs submitted by the applicant for a CC&N are reasonable.

The TCG Group filed comments recommending that Rule 1104(C) be modified to require that initial tariffs for competitive services shall be considered presumptively reasonable by the Commission.

In response, Staff opposed the proposed modification of the TCG Group. Staff indicated that the burden of proof should remain with the applicant.

Evaluation: The proposal by the TCG Group would clearly switch the burden of proof from the applicant to the Commission as to the reasonableness of the initial tariffs. It would be much easier for the applicant to support its proposed tariffs than it would be for the Commission to demonstrate the proposed tariffs are unreasonable. In addition, applicants will be more likely to be cooperative as long as the burden of proof remains on them.

Resolution: No amendment to Rule 1104(C) is necessary.

R14-2-1105: Certificate of Convenience and Necessity for Telecommunications Companies Offering Competitive Services; Initial Tariffs. R14-2-1105 (“Rule 1105”) provides a framework whereby a non-certificated telecommunications company can file an application to provide competitive telecommunications services. A requirement of the application is that the Commission be petitioned for a determination that the service being provided or to be provided is competitive.

Issue: Rule 1105(A)(2) indicates that an applicant will need to provide information describing the financial resources of the company including a pro forma income statement.

MFS/TLI recommended eliminating the pro forma income statement requirement on the grounds that such a statement is a “best-guess”. In its place, MFS/TLI recommended the following additional clause be added to the end of Rule 1105(A)(2)(b): “or comparable financial information evidencing sufficient financial resources”. MFS/TLI indicated this would allow entities to demonstrate financial fitness by virtue of their access to the resource of a parent company.

In response, Staff agreed with MFS/TLI that examination of an affiliate’s parent corporation is one indication of financial integrity. However, Staff also examines the affiliate’s operations on a stand-alone basis. Consequently, the pro forma income statement assists Staff in evaluating how realistic the applicant’s business plan is, and how heavily subsidized the affiliate will have to be if it is to succeed.

Evaluation: Current and pro forma income statements are useful and necessary to evaluate the applicant’s operations. It is true that financial information regarding a related entity could also be useful in determining an applicant’s financial fitness to provide the service.

Resolution: Rather than deleting subsection Rule 1105(A)(2)(c), language similar to that proposed by MFS/TLI should be added to the end of Rule 1105(A)(2)(c). The language would read as follows:

; (c) a pro forma income statement; and (d) comparable financial information evidencing sufficient financial resources.”

Issue: Rule 1105(B) provides that an applicant which filed pursuant to Rule 1105(A) shall also petition the Commission for a determination that the service is competitive pursuant to Rule 1108.

TCG Group proposed a change in the burden of proof imposed by Rule 1105(B). TCG Group proposed the following language be added to Rule 1105(B):

“Any petition seeking competitive status for a service filed hereunder will be granted in the absence of clear, substantial and convincing evidence that granting competitive status for the service, area, or company in question would not serve the public interest.”

The Telecommunications Resellers Association (“TRA”) indicated that service provided by any entity other than the incumbent LEC is clearly competitive. As a result, TRA requested elimination of Rule 1105(B).

Arizona Administrative Register
Notices of Final Rulemaking

In response, Staff indicated that a shift in the burden of proof is inappropriate. According to Staff, the burden should be on the applicant to demonstrate that a finding of competitive status for a service is in the public interest.

Evaluation: The applicant should be the party that bears the initial burden of proof. As a result, it is appropriate that the applicant should bear the burden to demonstrate that a service is competitive.

Resolution: No amendment to Rule 1105(B) is necessary.

R14-2-1106: Grant of Certificate of Convenience and Necessity.

Issue: R14-2-1106 ("Rule 1106") provides that certain conditions shall apply to an applicant obtaining a CC&N. One of those conditions is that the applicant "shall participate in and contribute to a universal service fund, as required by the Commission". Citizens did not object to the conditions set forth in Rule 1106(B). Citizens noted that the universal service fund is currently under review in a series of workshops that is expected to lead to rulemaking on the subject. Citizens recommended an allowance be made to accommodate changes in the universal service fund without the need to further amend Rule 1106(B). As a result, Citizens proposed the following amendment at this time:

The telecommunications company shall participate in and contribute to a universal service fund or other funding mechanism, as required by statute or Order of the Commission. (New language underlined).

In response, Staff indicated the provision contained in Rule 1106(B) is to require participation in the universal service fund by every telecommunications company as a condition of doing business in Arizona. Staff did not believe it was also necessary to comply with any order of the Commission, or any law enacted by the state legislature.

Evaluation: As indicated by Staff, the purpose of the provision in Rule 1106(B) is to require participation in the universal service fund. Rule 1106(B) as currently proposed satisfies the stated purpose. Accordingly, the amendment proposed by Citizens is not necessary.

Resolution: No amendment is needed.

R14-2-1111: Requirement for intraLATA Equal Access.

Issue: R14-2-1111 ("Rule 1111") sets forth the requirement that each local exchange carrier shall complete implementation of 2-PIC intraLATA equal access within nine months of receiving a bona fide request for such access. But in any event, each local exchange carrier shall make intraLATA equal access available in all of its central offices no later than July 1, 1996. It also provides that a LEC may petition the Commission for an extension of the nine month time-frame on the grounds that compliance is not technically or economically feasible. In addition, the LEC may petition the Commission for an extension of the July 1, 1996 date on the grounds that intraLATA equal access cannot reasonably be provided within any specific exchange(s) within the required time-frame.

Both U S West and Contel of California, Inc. ("Contel") expressed concern that implementation of intraLATA equal access without removal of the interLATA restrictions on U S West and Contel will result in a non-level competitive playing field. Contel and U S West recognized that the Commission has no jurisdiction to unilaterally remove the interLATA restrictions. As a result, Contel and U S West offered an alternative proposal, which will move the transition of the intraLATA toll market towards competition but at a slower pace. Contel and U S West recommended the Commission only allow intraLATA 10XXX competition at this time while the level playing field issue of interLATA restrictions is being resolved at the federal level. Contel and U S West also recommended that the cost burden associated with equal access conversion be apportioned based on the relative share of subscribed lines. Contel opposed the requirement that all central offices be converted no later than July 1, 1996. According to Contel, it does not anticipate the IXCs requesting a conversion in the near future in the rural service areas of Contel. As a result, Contel recommended the conversion only be made upon receipt of a bona fide request.

The AAEC indicated that because of the population density characteristics of Arizona, competition would likely come first to the urban areas of Pima and Maricopa Counties. As a result, the AAEC recommended that the Commission amend Rule 1111 to eliminate the requirement for equal access in the rural areas, and provide for a transition period of five years for the implementation of mandatory interconnection in rural areas. AAEC expressed concern that the rural customers could face precipitous increases in local rates. AAEC also recommended that carriers requesting equal access should be obligated to show public benefits of competition, and be required to pay the costs for such transition for such services.

Citizens disagreed with AAEC's recommendation to eliminate the requirement for equal access in the rural areas and provide for a transition period of five years for the implementation of mandatory interconnection in rural areas. Citizens indicated this would bar its LEC operations in Arizona from offering competitive services or seeking pricing flexibility under the Rules. However, Citizens did oppose the nine-month time-frame for implementing intraLATA equal access once a bona fide request was received as being unrealistic. According to Citizens, a period of 18 months is required to incorporate the budgeting process and testing of hardware. Citizens also opposed the July 1, 1996 mandatory date. According to Citizens, this would result in possible unnecessary and untimely investment and expenses. Citizens also recommended that the Commission permit LECs to maintain a record of their implementation costs in a memorandum account and to defer the costs until completion of the implementation process. Upon completion of that

process, recovery of the implementation costs would be subject to review and approval by the Commission. The costs would then be amortized over a reasonable period via a rate element to the LECs switched access rates paid by other access customers and imputed to the LEC's own competitive services that use switched access. Citizens believes this process fairly places the responsibility of recovery of intraLATA equal access implementation costs upon the carriers that benefit from provision of the service.

MCI Telecommunications Corporation ("MCI") noted that Rule 1111(C) provides that a LEC may petition the Commission for a waiver of the nine months time-frame from implementing intraLATA equal access on the grounds that compliance is not technically or economically feasible. MCI recommended this Section be modified to indicate that in any such waiver proceeding the LEC bears the burden of proof regarding the technical and economic feasibility issues.

Evaluation: In many cases, Rule 1111 sets forth reasonable time-frames for implementation of intraLATA equal access. The waiver process will permit local exchange companies to request additional time when implementation of intraLATA cannot be met in a timely and economic manner. While we agree with Staff that the burden of proof for the waiver is on the LEC, we believe it can be further clarified. We concur with Citizens that the appropriate accounting of the implementation costs at this time is a deferral account pending a future review and approval by the Commission as to the appropriate recovery mechanism. We also concur with Citizens that the ultimate responsibility of those costs should be fairly apportioned upon those who receive the benefits.

Resolution: Rule 1111 should be amended to include the following clarifying language at the end of Rule 1111(C): "The local exchange carrier filing the waiver petition shall bear the burden of proof."

R14-2-1112: Interconnection Requirements

Issue: R14-2-1112 ("Rule 1112") sets forth a mandate that all local exchange carriers must provide appropriate interconnection arrangements with other telecommunication companies.

Citizens, TCG Group, and MCI were critical of Rule 1112 for not setting forth more specific provisions on interconnection and unbundling. In addition, Citizens was critical of Rule 1112 for failing to address number portability. Citizens recommended that the Commission issue a temporary solution for local area number portability. MCI recommended the Commission establish an "Interconnection and Public Interest Safeguards" Task Force, similar to the Universal Service Task Force. TCG Group recommended that R14-2-1112(C) explicitly require that competing local exchange networks be interconnected with incumbent local exchange carriers in a manner that gives the new carriers and their customers seamless integration into, and use of, the incumbent's signaling and interoffice networks in a manner equivalent to that of the incumbent local exchange carrier. TCG Group also urged that R14-2-1112(E) and (F) should require LECs to promptly unbundle service elements in response to a bona fide request for a specific unbundled service.

In response, Staff believes that the proposed interconnection rules, without additional modification, clearly require access to the LEC switching and interoffice networks. The remainder of the TCG Group's recommendations goes to interconnection details that Staff believes are more appropriate in a proceeding where the Commission considers the specific interconnection tariff filed by a LEC. Such a proceeding is inevitable, because the rule requires the filing of interconnection tariffs by the LECs.

Evaluation: There is a need for additional details on interconnection and unbundling after further proceeding(s).

Resolution: No amendments to Rule 1112 are appropriate based on the information available at this time.

R14-2-1114: Service Quality Requirements for the Provisions of Competitive Services

Issue: R14-2-1114 ("Rule 1114") provides that telecommunications companies shall provide quality service.

Citizens was critical of Rule 1114 in referring at times to the term "utility" instead of "telecommunications company". Citizens recommended the term "telecommunications company" be substituted for "utility" throughout Rule 1114.

MFS/TLI recommended Rule 1114 explicitly state that new entrants must be provided at the outset the same inter-carrier arrangements on the same terms and conditions as are currently provided independent telephone companies.

Citizens expressed concern that subsection (B) of Rule 1114 refers to "Utility Responsibility". In order to be consistent with the remaining parts of the proposed Rules, Citizens recommended "Utility" be replaced with "Telecommunications Company".

RUCO expressed concern that subsection (J) of Rule 1114 is not clear regarding a LEC discontinuing local service for alleged delinquency of non-local bills. RUCO recommended that subsection (J) include a provision, which prohibits all LEC carriers from discontinuing local service for alleged delinquency of non-local bills.

Staff agreed with RUCO's proposed language to clarify subsection (J) and with Citizens' proposed language to clarify subsection (B).

Arizona Administrative Register
Notices of Final Rulemaking

Evaluation: Subsections (B) and (J) of Rule 1114 are in need of clarification.

Resolution: Everyplace the word “utility” occurs in subsection (B) should be replaced with the words “telecommunications company”. The following language should be added at the end of subsection (J): “All local exchange carriers are prohibited from discontinuing local service for alleged delinquency of non-local bills”.

R14-2-1115: Administrative Requirements

Issue: R14-2-1115 (“Rule 1115”) sets forth administrative requirements for competitive telecommunications services. Among those requirements are the filing of tariffs, price levels, and, contracts.

MCI expressed concern that Rule 1115 is insufficient to adequately protect consumers and competitors from potential cross-subsidization by incumbent providers offering non-competitive services. MCI indicated that special customer contracts provide an opportunity for anti-competitive behavior. For that reason, MCI proposed that incumbent local exchange companies should not have authority to enter into special customer contracts until a program for costing and pricing functional elements of the local exchange company network is established.

MCI recommended adoption of an “imputation standard” by the Commission. This standard would require that, for services proposed to be classified as competitive which include a component classified as a monopoly “building block,” the LEC must also submit information sufficient to demonstrate that the average price for the service covers the combined tariffed rates for all monopoly building block components plus the total service-long run incremental costs of any service component not classified as a monopoly building block.

MCI expressed concern that Rule 1115(C)(4), which restricts public inspection of special contracts filed with the Commission, will be used by incumbent LECs to deter scrutiny of anti-competitive behavior. Should the Commission allow incumbent LECs to offer private intrastate contracts prior to establishing costing and pricing safeguards via a “Building Blocks” approach, MCI recommended that the following contract information must be made public to protect customer and competition interests: (1) term of contract, including renewal options; (2) a brief description of the contracted service, including volume commitments; and (3) contract price. This would assure public access to information on relevant terms and conditions for discounts available to similarly situated customers.

In response, Staff indicated the rule does not authorize the kind of mischief that MCI reads into it. The requirement that rates and charges cover costs still applies whether the rates are contained in a tariff or in a contract.

Issue: Rule 1115(F) (“Rule 1115(F)”) requires all companies providing competitive telecommunications services to submit an annual report to the Commission.

A T & T objected to the annual reporting requirements as being more detailed and burdensome than the requirement that currently exists for telecommunications companies pursuant to existing telephone rules R14-2-510(G)(4).

In response, Staff indicated the reporting requirements of Rule 1115(F) are no more burdensome than those imposed by R14-2-510(G)(4).

Evaluation: The proposed amendments to Rule 1115 are unnecessary.

Resolution: No amendments to Rule 1115 are necessary at this time.

12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

13. Incorporations by reference and their location in the rules:

None

14. Was this rule previously adopted as an emergency rule?

No

15. The full text of the rules follows:

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;
SECURITIES REGULATION**

CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES

ARTICLE 11. COMPETITIVE TELECOMMUNICATIONS SERVICES

Section

- R14-2-1103. Certificates of Convenience and Necessity Required
- R14-2-1104. Expanded Certificates of Convenience and Necessity for Telecommunications Companies with Existing Certificates; Initial Tariffs
- R14-2-1105. Certificates Convenience and Necessity for Telecommunications Companies Offering Competitive Services; Initial Tariffs
- R14-2-1106. Grant of Certificate of Convenience and Necessity
- R14-2-1111. Requirement for IntraLATA Equal Access
- R14-2-1112. Interconnection Requirements
- R14-2-1114. Service Quality Requirements for the Provision of Competitive Services
- R14-2-1115. Administrative Requirements

ARTICLE 11. COMPETITIVE TELECOMMUNICATIONS SERVICES

R14-2-1103. Certificates of Convenience and Necessity Required

- ~~A. All telecommunications companies providing intrastate telecommunications services shall obtain a Certificate of Convenience and Necessity from the Commission, either under this Article, if competitive services are to be provided or, under Article 5. If the Commission determines that the services identified in an Application filed under this Article are not competitive, the Commission may nevertheless grant a Certificate and authorize provision of the services on a noncompetitive basis pursuant to Article 5.~~
- ~~B. Time frames for processing applications for Certificates of Convenience and Necessity~~
- ~~1. This rule prescribes time frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time frames shall apply to applications filed on or after the effective date of this rule.~~
 - ~~2. Within 10 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.~~
 - ~~3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.~~
 - ~~4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.~~
 - ~~5. Within 270 days after an application is deemed administratively complete, the Commission shall approve or reject the application, unless a formal hearing is held.~~
 - ~~6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time frames:~~
 - ~~a. Administrative completeness review time frame: 10 calendar days;~~
 - ~~b. Substantive review time frame: 270 calendar days;~~
 - ~~c. Overall time frame: 280 calendar days.~~
 - ~~7. If an applicant requests, and is granted, an extension or continuance, the appropriate time frames shall be tolled from the date of the request during the duration of the extension or continuance.~~
 - ~~8. During the substantive review time frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time frame rules.~~

All telecommunications companies providing intrastate telecommunications services shall obtain a Certificate of Convenience and Necessity from the Commission, either under this Article, if competitive services are to be provided or, under Article 5. If the Commission determines that the services identified in an Application filed under this Article are not competitive, the Commission may nevertheless grant a Certificate of Convenience and authorize provision of the services on a noncompetitive basis pursuant to Article 5.

R14-2-1104. Expanded Certificates of Convenience and Necessity for Telecommunications Companies with Existing Certificates; Initial Tariffs

- ~~A. Effective July 1, 1995, every telecommunications company, except a local exchange carrier, that has received a Certificate of Convenience and Necessity under Article 5, and that provides or intends to provide competitive, intraLATA telecommunications service shall file with the Docket Control Center 10 copies of an Application to expand its existing Certificate of Convenience and Necessity to provide competitive, intraLATA telecommunications service. In support of~~

Arizona Administrative Register
Notices of Final Rulemaking

the request for an expanded Certificate of Convenience and Necessity, the Application shall, at a minimum, include the following information:

1. A description of the telecommunications company and of the telecommunications services it offers or intends to offer.
 2. The proper name and correct intrastate address of the telecommunications company and:
 - a. The full name of its owner if a sole proprietorship,
 - b. The full name of each partner if a partnership,
 - c. A full list of the officers and directors if a corporation, or
 - d. A full list of the members if a limited liability company.
 3. A tariff for each service to be provided that states the maximum rate as well as the initial price to be charged, and that also states other terms and conditions that will apply to provision of the service by the telecommunications company. The telecommunications company shall provide economic justification or cost support data if required by the Commission or by Staff.
 4. A detailed description of the geographic market to be served and maps depicting the area.
 5. Appropriate city, county and/or state agency approvals, where appropriate.
 6. Such other information as the Commission or the Staff may request.
- B.** As part of the Application for an expanded Certificate of Convenience and Necessity, the telecommunications company shall also petition the Commission for a determination that the intraLATA service being provided or to be provided is competitive, pursuant to the requirements of R14-2-1108.
- C.** The Commission shall review the initial tariffs submitted by the telecommunications company and shall determine whether the rates, terms, and conditions for the proposed services are reasonable.
- D.** If it appears, based upon Staff review or upon comments filed with Commission Docket Control Center, that a rate, term, or condition of service stated in a tariff may be unjust or unreasonable, or that a service to be offered by the applicant may not be competitive, the Commission or Staff may require further information and/or changes to the application or to the tariff.
- E.** When the Application is submitted to the Docket Control Center, it will not be filed until it is found to be in proper form. The telecommunications company shall, no later than 20 days after the Application is filed, publish legal notice of the Application in all counties where services will be provided. The notice shall describe with particularity the contents of the Application on file with the Commission. Interested persons shall have 20 days from the publication of legal notice to file objections to the Application and to submit a motion to intervene in the proceeding.
- A.** Effective July 1, 1995, every telecommunications company, except a local exchange carrier, that has received a Certificate of Convenience and Necessity under Article 5, and that provides or intends to provide competitive, intraLATA telecommunications service shall file with the Docket Control Center 10 copies of an Application to expand its existing Certificate of Convenience and Necessity to provide competitive, intraLATA telecommunications service. In support of the request for an expanded Certificate of Convenience and Necessity, the Application shall, at a minimum, include the following information:
1. A description of the telecommunications company and of the telecommunications services it offers or intends to offer.
 2. The proper name and correct intrastate address of the telecommunications company and:
 - a. The full name of its owner if a sole proprietorship,
 - b. The full name of each partner if a partnership,
 - c. A full list of the officers and directors if a corporation, or
 - d. A full list of the members if a limited liability company.
 3. A tariff for each service to be provided that states the maximum rate as well as the initial price to be charged, and that also states other terms and conditions that will apply to provision of the service by the telecommunications company. The telecommunications company shall provide economic justification or cost support data if required by the Commission or by Staff.
 4. A detailed description of the geographic market to be served and maps depicting the area.
 5. Appropriate city, county and/or state agency approvals, where appropriate.
 6. Such other information as the Commission or the Staff may request.
- B.** As part of the Application for an expanded Certificate of Convenience and Necessity, the telecommunications company shall also petition the Commission for a determination that the intraLATA service being provided or to be provided is competitive, pursuant to the requirements of R14-2-1108.
- C.** The Commission shall review the initial tariffs submitted by the telecommunications company and shall determine whether the rates, terms, and conditions for the proposed services are reasonable.
- D.** If it appears, based upon Staff review or upon comments filed with Commission Docket Control Center, that a rate, term, or condition of service stated in a tariff may be unjust or unreasonable, or that a service to be offered by the applicant may not be competitive, the Commission or Staff may require further information and/or changes to the application or to the tariff.

Arizona Administrative Register
Notices of Final Rulemaking

- E.** When the Application is submitted to the Docket Control Center, it will not be filed until it is found to be in proper form. The telecommunications company shall, no later than 20 days after the Application is filed publish legal notice of the Application in all counties where services will be provided. The notice shall describe with particularity the contents of the Application on file with the Commission. Interested persons shall have 20 days from the publication of legal notice to file objections to the Application and to submit a motion to intervene in the proceeding.

R14-2-1105. Certificates of Convenience and Necessity for Telecommunications Companies Offering Competitive Services; Initial Tariffs

- A.** Effective July 1, 1995, every other telecommunications company, except a local exchange carrier, that has not previously received a Certificate of Convenience and Necessity, and that provides or intends to provide intrastate competitive telecommunications services shall file with the Docket Control Center 10 copies of an Application for a Certificate of Convenience and Necessity to provide competitive telecommunications services. In support of the request for a Certificate of Convenience and Necessity, the Application shall, at a minimum, include all the information required in R14-2-1104(A) and shall also include the following information:
1. A description of the telecommunications company's technical capability to provide the proposed services and a description of its facilities.
 2. Information describing the financial resources of the telecommunications company, including:
 - a. A current intrastate balance sheet,
 - b. A current income statement (if applicable),
 - c. A pro forma income statement, and
 - d. Comparable financial information evidencing sufficient financial resources.
 3. A copy of the Partnership Agreement, Articles of Incorporation, Articles of Organization, Joint Venture Agreement, or any other contract, agreement, or document that evidences the formation of the telecommunications company.
- B.** An Application filed under subsection (A) of this Section shall also petition the Commission for a determination that the service being provided or to be provided is competitive under the requirements of R14-2-1108.
- C.** An Application filed under subsection (A) of this Section shall be subject to the provisions of subsections R14-2-1104(D) and (E).
- D.** In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust.
- A.** Effective July 1, 1995, every other telecommunications company, except a local exchange carrier, that has not previously received a Certificate of Convenience and Necessity, and that provides or intends to provide intrastate competitive telecommunications services shall file with the Docket Control Center 10 copies of an Application for a Certificate of Convenience and Necessity to provide competitive telecommunications services. In support of the request for a Certificate of Convenience and Necessity, the Application shall, at a minimum, include all the information required in R14-2-1104(A) and shall also include the following information:
1. A description of the telecommunications company's technical capability to provide the proposed services and a description of its facilities.
 2. Information describing the financial resources of the telecommunications company, including:
 - a. A current intrastate balance sheet,
 - b. A current income statement (if applicable),
 - c. A pro forma income statement, and
 - d. Comparable financial information evidencing sufficient financial resources.
 3. A copy of the Partnership Agreement, Articles of Incorporation, Articles of Organization, Joint Venture Agreement, or any other contract, agreement, or document that evidences the formation of the telecommunications company.
- B.** An Application filed under subsection (A) of this Section shall also petition the Commission for a determination that the service being provided or to be provided is competitive under the requirements of R14-2-1108.
- C.** An Application filed under subsection (A) of this Section shall be subject to the provisions of subsections R14-2-1104(D) and (E).
- D.** In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust.

R14-2-1106. Grant of Certificate of Convenience and Necessity

- A.** The Commission, after notice and hearing, may deny certification to any telecommunications company which:
1. Does not provide the information required by this Article;
 2. Is not offering competitive services, as defined in this Article;
 3. Does not possess adequate financial resources to provide the proposed services;
 4. Does not possess adequate technical competency to provide the proposed services; or
 5. Fails to provide a performance bond, if required.

- B.** Every telecommunications company obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:
1. ~~The telecommunications company shall comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service.~~
 2. ~~The telecommunications company shall maintain its accounts and records as required by the Commission.~~
 3. ~~The telecommunications company shall file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate.~~
 4. ~~The telecommunications company shall maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require.~~
 5. ~~The telecommunications company shall cooperate with Commission investigations of customer complaints.~~
 6. ~~The telecommunications company shall participate in and contribute to a universal service fund, as required by the Commission.~~
 7. ~~Failure by a telecommunications company to comply with any of the above conditions may result in rescission of its Certificate of Convenience and Necessity.~~
- A.** The Commission, after notice and hearing, may deny certification to any telecommunications company which:
1. Does not provide the information required by this Article;
 2. Is not offering competitive services, as defined in this Article;
 3. Does not possess adequate financial resources to provide the proposed services;
 4. Does not possess adequate technical competency to provide the proposed services; or
 5. Fails to provide a performance bond, if required.
- B.** Every telecommunications company obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:
1. The telecommunications company shall comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service.
 2. The telecommunications company shall maintain its accounts and records as required by the Commission.
 3. The telecommunications company shall file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate.
 4. The telecommunications company shall maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require.
 5. The telecommunications company shall cooperate with Commission investigations of customer complaints.
 6. The telecommunications company shall participate in and contribute to a universal service fund, as required by the Commission.
 7. Failure by a telecommunications company to comply with any of the above conditions may result in rescission of its Certificate of Convenience and Necessity.

R14-2-1111. Requirement for IntraLATA Equal Access

- A.** ~~Each local exchange carrier shall provide 2-PIC toll equal access where technically and economically feasible, and in accordance with any procedures the Commission may order.~~
- B.** ~~The sequence for implementation of intraLATA equal access shall occur in the following manner:~~
1. ~~In response to a bona fide request for intraLATA equal access, a local exchange carrier shall complete implementation of intraLATA equal access within 9 months of receiving the request. A person making such a bona fide request shall also provide a copy to the Arizona Corporation Commission.~~
 2. ~~The local exchange carrier may implement intraLATA equal access in any central office on its own initiative but, in any event, shall make intraLATA equal access available in all its central offices no later than July 1, 1996, unless otherwise ordered by the Commission.~~
- C.** ~~A local exchange carrier may petition the Commission for a waiver of the requirement in subsection (B)(1) on the grounds that compliance is not technically or economically feasible. A local exchange carrier may also petition the Commission for an extension of the requirement in subsection (B)(2) on the grounds that intraLATA equal access cannot reasonably or economically be provided within any specific exchanges within the required time frame. The Commission may grant either of these waivers with or without a hearing. The local exchange carrier filing the waiver petition shall bear the burden of proof.~~
- A.** Each local exchange carrier shall provide 2-PIC toll equal access where technically and economically feasible, and in accordance with any procedures the Commission may order.
- B.** The sequence for implementation of intraLATA equal access shall occur in the following manner:
1. In response to a bona fide request for intraLATA equal access, a local exchange carrier shall complete implementation of intraLATA equal access within nine months of receiving the request. A person making such a bona fide request shall also provide a copy to the Arizona Corporation Commission.
 2. The local exchange carrier may implement intraLATA equal access in any central office on its own initiative but, in any event, shall make intraLATA equal access available in all its central offices no later than July 1, 1996, unless otherwise ordered by the Commission.

Arizona Administrative Register
Notices of Final Rulemaking

- C.** A local exchange carrier may petition the Commission for a waiver of the requirement in subsection (B)(1) on the grounds that compliance is not technically or economically feasible. A local exchange carrier may also petition the Commission for an extension of the requirement in subsection (B)(2) on the grounds that intraLATA equal access cannot reasonably or economically be provided within any specific exchanges within the required time-frame. The Commission may grant either of these waivers with or without a hearing. The local exchange carrier filing the waiver petition shall bear the burden of proof.

R14-2-1112. Interconnection Requirements

All local exchange carriers must provide appropriate interconnection arrangements with other telecommunications companies at reasonable prices and under reasonable terms and conditions that do not discriminate against or in favor of any provider, including the local exchange carrier. Appropriate interconnection arrangements shall provide access on an unbundled, nondiscriminatory basis to physical, administrative, and data-base network components. Local exchange carriers shall provide appropriate interconnection arrangements within 6 months of receiving a bona fide request for interconnection. The interconnection arrangements must be in the form of a tariff and shall be filed with the Commission for its approval before becoming effective.
All local exchange carriers must provide appropriate interconnection arrangements with other telecommunications companies at reasonable prices and under reasonable terms and conditions that do not discriminate against or in favor of any provider, including the local exchange carrier. Appropriate interconnection arrangements shall provide access on an unbundled, nondiscriminatory basis to physical, administrative, and database network components. Local exchange carriers shall provide appropriate interconnection arrangements within six months of receiving a bona fide request for interconnection. The interconnection arrangements must be in the form of a tariff and shall be filed with the Commission for its approval before becoming effective.

R14-2-1114. Service Quality Requirements for the Provision of Competitive Services

- A.** ~~General Requirement. Telecommunications companies governed by this Article shall provide quality service in accordance with this rule and with any other service quality requirements established by the Commission.~~
- B.** ~~Telecommunications Company Responsibility. Each telecommunications company governed by this Article:~~
- ~~1. Shall be responsible for maintaining in safe operating condition all equipment and fixtures owned by and under the exclusive control of the telecommunications company that are used in providing telecommunications services to the customer.~~
 - ~~2. Shall make known to applicants for its service and to its subscribers any information necessary to assist the subscriber or customer in obtaining adequate, efficient, and reasonably priced service.~~
- C.** ~~Continuity of Service. Each telecommunications company providing competitive telecommunications services pursuant to this Article shall make reasonable efforts to supply a satisfactory and continuous level of service.~~
- D.** ~~Billing and Collection-~~
- ~~1. Each telecommunications company governed by this Article shall bill monthly for any competitive services rendered. The following minimum information must be provided on all customer bills:~~
 - ~~a. A description of the service provided;~~
 - ~~b. The monthly charge for each service provided;~~
 - ~~c. The company's toll-free number for billing inquiries;~~
 - ~~d. The amount or percentage rate of any privilege, sales, use or other taxes that are passed on to the customer as part of the charge for the service provided;~~
 - ~~e. Any access or other charges that are imposed by order of or at the direction of the Federal Communications Commission; and~~
 - ~~f. The date on which the bill becomes delinquent.~~
 - ~~2. If the telecommunications company does not provide direct billing to its customers, it shall make arrangements for monthly bills to be rendered to all its customers. However, a local exchange carrier shall not provide billing and collection services for intrastate telecommunications services to any telecommunications company that does not have a Certificate of Convenience and Necessity from the Commission, and that does not have a certification application pending before the Commission.~~
- E.** ~~Insufficient Funds (NSF) Checks. A telecommunications company governed by this Article may include in its tariffs a fee for each instance where a customer tenders payment for the competitive telecommunications service with an insufficient funds check. When a customer tenders an insufficient check, the telecommunications company may require the customer to make payment in cash, by money order, certified check, or other means which guarantees the customer's payment to the telecommunications company.~~
- F.** ~~Deferred Payment Plan-~~
- ~~1. Each telecommunications company may, in lieu of terminating service, offer any customer a deferred payment plan to retire unpaid bills for telecommunications company service. If a deferred payment arrangement is made, current service shall not be discontinued if the customer agrees to pay a reasonable portion of the outstanding balance in installments over a period not to exceed 6 months and agrees to pay all future bills in accordance with the billing and collection tariffs of the telecommunications company.~~

Notices of Final Rulemaking

2. If a customer does not fulfill the terms of a deferred payment agreement, the telecommunications company shall have the right to disconnect service pursuant to the Commission's termination of service rule, R14-2-509.
- G. Late Payment Penalty.** A telecommunications company governed by this Article may include in its tariffs a late payment penalty which may be applied to delinquent bills. The amount of the late payment penalty shall be stated on a customer's bill when rendered by the telecommunications company or its agent.
- H. Service Interruptions.**
1. Each telecommunications company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur. The telecommunications company shall issue instructions to its employees covering procedures to be followed in the event of any emergency, including national emergencies or local disasters, in order to prevent or mitigate interruption or impairment of service. The Commission shall be notified of major interruptions in service affecting the entire system or any major division.
 2. When a telecommunications company plans to interrupt service to perform necessary repairs or maintenance, the telecommunications company shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the telecommunications company.
- I. Nonpermissible Termination of Service.** A telecommunications company governed by this Article may not disconnect service for:
1. The failure of a customer to pay for services or equipment which are not regulated by the Commission; or
 2. For disputed bills where the customer has complied with the Commission's rules on complaints.
- J. Permissible Termination of Service.** Termination of service without notice may occur in accordance with the provisions of subsection R14-2-509(B). Termination of service with notice shall occur in accordance with provisions of R14-2-509(C) through (E). All local exchange carriers are prohibited from discontinuing local service for alleged delinquency of non-local bills.
- K. Notice of Responsible Officer or Agent.** Each telecommunications company governed by this Article shall file a written statement with the Commission which provides the name, address (business, residence, and post office) and telephone numbers (business and residence) of at least 1 officer, agent, or 1 employee responsible for the general management of its operations as a telecommunications company in Arizona. Each telecommunications company shall give notice of any change in this information by filing a written statement with the Commission within 5 days from the date of any such change.
- L. Competitive Local Exchange Service.** Any telecommunications company providing competitive local exchange service shall comply with the Commission's rules for establishment of service set forth in R14-2-503.
- M. Denial of Service/Noncertificated Utilities.** A local exchange carrier shall deny service to a noncertificated telecommunications company that intends to use the service requested to provide telecommunications service for hire, sale, or resale to the general public within the state of Arizona. Service shall not be denied if the telecommunications company has an Application for a Certificate of Convenience and Necessity pending before the Commission.
- A. General Requirement.** Telecommunications companies governed by this Article shall provide quality service in accordance with this rule and with any other service quality requirements established by the Commission.
- B. Telecommunications Company Responsibility.** Each telecommunications company governed by this Article:
1. Shall be responsible for maintaining in safe operating condition all equipment and fixtures owned by and under the exclusive control of the telecommunications company that are used in providing telecommunications services to the customer.
 2. Shall make known to applicants for its service and to its subscribers any information necessary to assist the subscriber or customer in obtaining adequate, efficient, and reasonably priced service.
- C. Continuity of Service.** Each telecommunications company providing competitive telecommunications services pursuant to this Article shall make reasonable efforts to supply a satisfactory and continuous level of service.
- D. Billing and Collection**
1. Each telecommunications company governed by this Article shall bill monthly for any competitive services rendered. The following minimum information must be provided on all customer bills:
 - a. A description of the service provided;
 - b. The monthly charge for each service provided;
 - c. The company's toll-free number for billing inquiries;
 - d. The amount or percentage rate of any privilege, sales, use or other taxes that are passed on to the customer as part of the charge for the service provided;
 - e. Any access or other charges that are imposed by order of or at the direction of the Federal Communications Commission; and
 - f. The date on which the bill becomes delinquent.
 2. If the telecommunications company does not provide direct billing to its customers, it shall make arrangements for monthly bills to be rendered to all its customers. However, a local exchange carrier shall not provide billing and collection services for intrastate telecommunications services to any telecommunications company that does not have a

Arizona Administrative Register
Notices of Final Rulemaking

Certificate of Convenience and Necessity from the Commission, and that does not have a certification application pending before the Commission.

- E.** Insufficient Funds (NSF) Checks. A telecommunications company governed by this Article may include in its tariffs a fee for each instance where a customer tenders payment for the competitive telecommunications service with an insufficient funds check. When a customer tenders an insufficient check, the telecommunications company may require the customer to make payment in cash, by money order, certified check, or other means which guarantees the customer's payment to the telecommunications company.
- F.** Deferred Payment Plan.
1. Each telecommunications company may, in lieu of terminating service, offer any customer a deferred payment plan to retire unpaid bills for telecommunications company service. If a deferred payment arrangement is made, current service shall not be discontinued if the customer agrees to pay a reasonable portion of the outstanding balance in installments over a period not to exceed six months and agrees to pay all future bills in accordance with the billing and collection tariffs of the telecommunications company.
 2. If a customer does not fulfill the terms of a deferred payment agreement, the telecommunications company shall have the right to disconnect service pursuant to the Commission's termination of service rule, R14-2-509.
- G.** Late Payment Penalty. A telecommunications company governed by this Article may include in its tariffs a late payment penalty which may be applied to delinquent bills. The amount of the late payment penalty shall be stated on a customer's bill when rendered by the telecommunications company or its agent.
- H.** Service Interruptions.
1. Each telecommunications company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur. The telecommunications company shall issue instructions to its employees covering procedures to be followed in the event of any emergency, including national emergencies or local disasters, in order to prevent or mitigate interruption or impairment of service. The Commission shall be notified of major interruptions in service affecting the entire system or any major division.
 2. When a telecommunications company plans to interrupt service to perform necessary repairs or maintenance, the telecommunications company shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the telecommunications company.
- I.** Nonpermissible Termination of Service. A telecommunications company governed by this Article may not disconnect service for:
1. The failure of a customer to pay for services or equipment which are not regulated by the Commission, or
 2. For disputed bills where the customer has complied with the Commission's rules on complaints.
- J.** Permissible Termination of Service. Termination of service without notice may occur in accordance with the provisions of subsection R14-2-509(B). Termination of service with notice shall occur in accordance with provisions of R14-2-509(C) through (E). All local exchange carriers are prohibited from discontinuing local service for alleged delinquency of non-local bills.
- K.** Notice of Responsible Officer or Agent. Each telecommunications company governed by this Article shall file a written statement with the Commission which provides the name, address (business, residence, and post office) and telephone numbers (business and residence) of at least one officer, agent, or one employee responsible for the general management of its operations as a telecommunications company in Arizona. Each telecommunications company shall give notice of any change in this information by filing a written statement with the Commission within five days from the date of any such change.
- L.** Competitive Local Exchange Service. Any telecommunications company providing competitive local exchange service shall comply with the Commission's rules for establishment of service set forth in R14-2-503.
- M.** Denial of Service/Noncertificated Utilities. A local exchange carrier shall deny service to a noncertificated telecommunications company that intends to use the service requested to provide telecommunications service for hire, sale, or resale to the general public within the state of Arizona. Service shall not be denied if the telecommunications company has an Application for a Certificate of Convenience and Necessity pending before the Commission.

R14-2-1115. Administrative Requirements

- A.** ~~Customer Service Complaints.~~ All customer service complaints concerning competitive telecommunications services shall be governed by the provisions of subsection R14-2-510(A).
- B.** ~~Customer Bill Disputes.~~ All customer bill disputes concerning competitive telecommunications services shall be governed by the provisions of R14-2-510(B) and (C).
- C.** ~~Filing of Tariffs, Price Levels, and Contracts.~~ Each telecommunications company governed by this Article shall file with the Commission current tariffs, price levels, and contracts that comply with the provisions of this Article and with all Commission rules, orders, and all other requirements imposed by the laws of the state of Arizona.
1. ~~Current tariffs for competitive services shall be maintained on file with the Commission pursuant to the requirements of A.R.S. § 40-365.~~

Notices of Final Rulemaking

2. Current price levels for competitive services shall be filed with the Commission pursuant to the requirements of R14-2-1109(B).
3. Contracts of telecommunications companies governed by this Article shall be filed with the Commission not later than 5 business days after execution. If the contract includes both competitive and noncompetitive services, it must be filed at least 5 business days prior to the effective date of the contract and must separately state the tariffed rate for the noncompetitive services and the price for the competitive services.
4. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.

D. Accounts and Records.

1. Each telecommunications company shall keep general and subsidiary accounting books and records reflecting the cost of its intrastate properties, assets and liabilities, operating income and expenses, and all other accounting and statistical data which reflect complete, authentic, and accurate information regarding to its properties and operations. These accounting records shall be organized and maintained in such a way as to provide an audit trail through all segments of the telecommunications company's accounting system.
2. With the exception of local exchange companies, each telecommunications company providing competitive telecommunications services shall maintain its books and records in accordance with Generally Accepted Accounting Principles as promulgated by the Financial Accounting Standards Board and its successors, as amended by any subsequent modification or official pronouncement thereto, which directly relates to regulated industries.

E. Production of Accounts, Records, and Documents.

1. All telecommunications companies governed by this Article shall immediately make available, at the time and place the Commission may designate, any accounting records that the Commission may request. Accounting records shall include all or any portion of a telecommunications company's formal and informal accounting books and records along with any underlying and/or supporting documents regardless of the physical location of such books, records, and documents. Accounting records shall also include all books, records or documents which specifically identify, support, analyze, or otherwise explain the reasonableness and accuracy of affiliated interest transactions.
2. The Commission, at its sole discretion, may inspect any telecommunications company's formal and/or informal accounting books, records, and documents at the company's business premises or at its authorized representative's business premises which may be outside the state of Arizona. If inspection of the telecommunications company's accounting records does take place outside the state of Arizona, the telecommunications company will, to the extent legally permissible, assume all reasonable costs of travel, lodging, per diem, and all other miscellaneous costs incurred by participating personnel employed by the Commission or personnel contracted to represent the Commission in any manner.

F. Annual Reports to the Commission. All telecommunications companies providing competitive telecommunications services pursuant to this Article shall submit an annual report to the Commission which shall be filed on or before the 15th day of April for the preceding calendar year.

1. The annual report shall be in a form prescribed by the Commission and, at a minimum, shall contain the following information:
 - a. A statement of income for the reporting year similar in format to R14-2-103, Schedule (C)(1) or (E)(2). The income statement shall be Arizona specific and reflect operating results in Arizona.
 - b. A balance sheet as of the end of the reporting year similar in format to R14-2-103, Schedule (E)(1). The balance sheet shall be Arizona specific.
2. Annual reports filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.

G. Reports to the Securities and Exchange Commission. All telecommunications companies shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.

H. Other Reports. All telecommunications companies shall file with the Commission a copy of all annual reports required by the Federal Communications Commission and, where applicable, annual reports required by the Rural Electrification Administration or any other agency of the United States.

I. Variations, Exemptions of Commission Rules. The Commission may consider variations or exemptions from the terms or requirements of any of the rules included herein (14 A.A.C. 2, Article 11) upon the verified application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.

A. Customer Service Complaints. All customer service complaints concerning competitive telecommunications services shall be governed by the provisions of subsection R14-2-510(A).

B. Customer Bill Disputes. All customer bill disputes concerning competitive telecommunications services shall be governed by the provisions of R14-2-510(B) and (C).

Arizona Administrative Register
Notices of Final Rulemaking

- C. Filing of Tariffs, Price Levels, and Contracts.** Each telecommunications company governed by this Article shall file with the Commission current tariffs, price levels, and contracts that comply with the provisions of this Article and with all Commission rules, orders, and all other requirements imposed by the laws of the state of Arizona.
1. Current tariffs for competitive services shall be maintained on file with the Commission pursuant to the requirements of A.R.S. § 40-365.
 2. Current price levels for competitive services shall be filed with the Commission pursuant to the requirements of R14-2-1109(B).
 3. Contracts of telecommunications companies governed by this Article shall be filed with the Commission not later than five business days after execution. If the contract includes both competitive and noncompetitive services, it must be filed at least five business days prior to the effective date of the contract and must separately state the tariffed rate for the noncompetitive services and the price for the competitive services.
 4. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.
- D. Accounts and Records.**
1. Each telecommunications company shall keep general and subsidiary accounting books and records reflecting the cost of its intrastate properties, assets and liabilities, operating income and expenses, and all other accounting and statistical data which reflect complete, authentic, and accurate information regarding to its properties and operations. These accounting records shall be organized and maintained in such a way as to provide an audit trail through all segments of the telecommunications company's accounting system.
 2. With the exception of local exchange companies, each telecommunications company providing competitive telecommunications services shall maintain its books and records in accordance with Generally Accepted Accounting Principles as promulgated by the Financial Accounting Standards Board and its successors, as amended by any subsequent modification or official pronouncement thereto, which directly relates to regulated industries.
- E. Production of Accounts, Records, and Documents.**
1. All telecommunications companies governed by this Article shall immediately make available, at the time and place the Commission may designate, any accounting records that the Commission may request. Accounting records shall include all or any portion of a telecommunications company's formal and informal accounting books and records along with any underlying and/or supporting documents regardless of the physical location of such books, records, and documents. Accounting records shall also include all books, records or documents which specifically identify, support, analyze, or otherwise explain the reasonableness and accuracy of affiliated interest transactions.
 2. The Commission, at its sole discretion, may inspect any telecommunications company's formal and/or informal accounting books, records, and documents at the company's business premises or at its authorized representative's business premises which may be outside the state of Arizona. If inspection of the telecommunications company's accounting records does take place outside the state of Arizona, the telecommunications company will, to the extent legally permissible, assume all reasonable costs of travel, lodging, per diem, and all other miscellaneous costs incurred by participating personnel employed by the Commission or personnel contracted to represent the Commission in any manner.
- F. Annual Reports to the Commission.** All telecommunications companies providing competitive telecommunications services pursuant to this Article shall submit an annual report to the Commission which shall be filed on or before the 15th day of April for the preceding calendar year.
1. The annual report shall be in a form prescribed by the Commission and, at a minimum, shall contain the following information:
 - a. A statement of income for the reporting year similar in format to R14-2-103, Schedule (C)(1) or (E)(2). The income statement shall be Arizona-specific and reflect operating results in Arizona.
 - b. A balance sheet as of the end of the reporting year similar in format to R14-2-103, Schedule (E)(1). The balance sheet shall be Arizona-specific.
 2. Annual reports filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.
- G. Reports to the Securities and Exchange Commission.** All telecommunications companies shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.
- H. Other Reports.** All telecommunications companies shall file with the Commission a copy of all annual reports required by the Federal Communications Commission and, where applicable, annual reports required by the Rural Electrification Administration or any other agency of the United States.
- I. Variations, Exemptions of Commission Rules.** The Commission may consider variations or exemptions from the terms or requirements of any of the rules included herein (14 A.A.C. 2, Article 11) upon the verified application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.